

## Changes Made To The Income Tax On Pensions

<b>Born Before January 1, 1946</b>	<b>Born Between January 1, 1946-December 31, 1952</b>	<b>Born After December 31, 1952</b>
<ul style="list-style-type: none"> <li>- No income tax on public retirement or pension income</li> <li>- No income tax on Social Security income</li> <li>- Military pensions 100% exempt</li> </ul> <hr/> <p><i>Private pensions of over \$45,120 for an individual and \$90,240 for a couple would still be subject to income tax under the current law</i></p>	<p><b>Before turning age 67:</b></p> <ul style="list-style-type: none"> <li>- Income tax exemption on the first \$20,000 for an individual or \$40,000 for a couple on retirement or pension income (non-retirement income would continue to be taxed as it currently is)</li> <li>- No tax on Social Security income</li> <li>- Military pensions 100% exempt</li> </ul> <p><b>After turning age 67:</b></p> <ul style="list-style-type: none"> <li>- Income tax exemption on the first \$20,000 for an individual or \$40,000 for a couple on retirement or pension income and non-retirement income</li> <li>- No tax on Social Security income</li> <li>- Military pensions 100% exempt</li> </ul>	<p><b>Before turning age 67:</b></p> <ul style="list-style-type: none"> <li>- No income tax exemptions on retirement or pension income</li> <li>- Military pensions 100% exempt</li> <li>- No income tax on Social Security income</li> </ul> <p><b>After turning age 67:</b></p> <ul style="list-style-type: none"> <li>- Income tax exemption on the first \$20,000 for an individual or \$40,000 for a couple on all retirement or pension income, non-retirement income, and Social Security income</li> <li style="text-align: center;">-or-</li> <li>- 100% exemption on Social Security income only, but pay income tax on full retirement or pension income</li> <li>- Military pensions 100% exempt</li> </ul>

For joint returns, the age of the oldest spouse determines the age category that will apply to the pension and retirement benefits of both spouses regardless of the age of the younger spouse.

*Note: The legislation originally passed by the Legislature to make the pension tax changes contained a provision that households with income of over \$75,000 for an individual or \$150,000 for a couple would not receive the \$20,000/\$40,000 exemption. On November 18, 2011, the Supreme Court ruled that portion of the law unconstitutional under the Article IX, Section 7 which prohibits a graduated income tax.*